

**Erie County Department of Mental Health  
HUD Process Improvement Team  
Summary Report**

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**Meeting Dates: March 31, April 28 and May 26, 2004**

**ECDMH Staff:** Don Dauman, John Grieco, Bill Fremgen

**Participating Agencies:**

Living Opportunities of DePaul, Transitional Services, Inc., Southern Tier Living Environments, Restoration Society, Spectrum Human Services, Cazenovia Recovery Systems, Buffalo Federation of Neighborhood Centers, Lake Shore Behavioral Health, Housing Options Made Easy, AIDS Community Services, Horizon Human Services

**Summary:**

As a result of two fiscal meetings earlier this year, it was decided that an on-going work group would be beneficial if convened to discuss HUD grant operations, share best practices and address difficulties as they arise. Initially, this group was designed to meet quarterly to address HUD contract management issues but has recently reached consensus to design some standardized procedures and subsequently will be meeting monthly until this task is complete. Since the conclusion of the fiscal work group, this group has met on three occasions: 3/31, 4/28 and 5/26. The following is a brief summary of these meetings:

3/31 The group convened to discuss the following:

- Review of key elements for the upcoming HUD Program Visit
- Reached final consensus on the Cost Allocation Reference Table – Don to present this to HUD for approval and confirmation.
- Reviewed revised monthly fiscal reports including need to indicate the value of supportive services provided for all S+C programs.
- The group also agreed to develop standard operating procedures for the following:
  - i. Rental stipend calculations (including in excess of FMR)
  - ii. Utility allowances
  - iii. Admission eligibility (income, homelessness and disability)
  - iv. Continued stay eligibility
  - v. Service Planning
  - vi. Discharge summaries
  - vii. Housing inspections
  - viii. Contact Time and Documentation
  - ix. Occupancy Agreements

- x. Budgeting and claiming (including criteria for HUD approvals and revisions)
  - xi. APR Data Collection
  - xii. Cash and Services match documentation
  - xiii. S+C services valuation process
  - xiv. Discharge
  - xv. Outcomes
  - xvi. Other suggestions
  - xvii. Preparation of an aggregate annual report for all providers or ongoing periodic reports (what data would be important to receive and in what format)
- It was decided that the entire group would address each one of these operating procedures and the calculation of rental stipends would be the first SOP to be developed.
- Meeting was scheduled for 4/28/04

**4/28 The group discussed the following:**

- Briefly reviewed information on the HUD review scheduled for 5/5-6/04
- Began a thorough review of the regulations and desk guide material related to rental stipend calculations. Reviewed budgetary terminology, income considerations, exceptions and allowances as they relate to the calculation of a tenant's annual adjusted gross income, rent obligation and utility allowances.
- Don planned on drafting an initial procedure on rent calculations for discussion at the next meeting.

**5/26 The group discussed the following:**

- Proposed 2004 schedule of meetings was distributed. Meetings are planned for the third Wednesday of each month at 1PM at ECDMH. There will not be a meeting for July due to the HUD Supernofa. See attached schedule.
- Reviewed the draft procedure attached to these minutes. Discussed points of clarification and modifications that needed to be made. Don agreed to revise the procedure and re-present at the next meeting. Group members agreed that a recommended standard template for this calculation would be useful. This will be developed at the next meeting. Providers are to bring samples of forms they are currently using and some possible case examples that we could walk through to help identify areas of misunderstanding or misinterpretation.

- Remainder of the meeting was used to discuss and plan for the HUD Supernofa renewal applications, non-renewal members were allowed to leave. All instructions, local application and S+C and SHP application materials were distributed in hard copy. Don will forward electronic versions to STEL, Housing Options and BFNC. Reference sheets were also provided.
  - Providers are responsible for the submission of 20 double sided copies to the Homeless Commission no later than 5PM on 6/25/04
  - Other tips and instructions would be provided by Don in an email by 5/28.
  - Meeting was set for 6/21/04 at LODP for assembly of the final HUD application
- Next meeting was scheduled for **6/16/04**

**Please NOTE: The next meeting of this work group will be on June 16, 2004 since the July 21 date will be reserved for HUD Supernofa applicants to use as the annual submission assembly meeting.**

**Erie County Department of Mental Health  
HUD Work Group Agenda  
June 16, 2004**

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1. The following Standard Operating Guidelines will be discussed as well as suggested formats/templates for documentation:
  - Rental Stipend Calculations
  - Income Verification Calculations
  - Utility Allowances
  - Rent Reasonableness
2. Open Discussion for current concerns/issues
3. Plans and assignments for the August meeting

**Erie County Department of Mental Health  
HUD Grant Policy and Procedure**

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Title: Guidelines for Rent/Stipend Calculations

No. 2.0

Applicability: S+ C and SHP Projects

Date Issued: May 24, 2004

Reference: SHP/S+C Desk Guides, HUD Directive Number 96-3 (CPD-96-03)

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**Purpose:** To insure accurate and HUD-compliant documentation, verification and calculation of tenant rent and project stipend payments.

**Implementation:**

1. All HUD project sponsors will utilize a tenant rent and project stipend calculation format that complies with the above noted regulations.
2. All HUD project sponsors will maintain written documentation/verification of each resident's income source to be updated annually.
3. The rental calculation determines the tenant's rent obligation and the sponsors obligation or rental stipend.
4. Under no circumstances may the portion of the rent paid with grant funds exceed the HUD-determined fair market rents (see S+C/SHP Desk Guides).
5. Rental calculations must also be updated annually and at the following events:
  - a. Change in family composition
  - b. Change in family/resident income
  - c. Change in residence
  - d. Tenant request for re-examination
6. Tenant income decreases must result in an immediate adjustment to the tenant rental obligation and subsequent increase to the program rental obligation.
7. Tenant income increases need not result in an increase to their rental obligation until the next scheduled annual re-examination.

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8. The basic tenant rent calculation involves the following 4 step process:
  - a. Calculate 10% of the monthly gross income. Subtract all exclusions and allowances as noted in the attached reference sheet divide by 12 months and multiply by .10.
  - b. Calculate 30% of the monthly adjusted income by deducting the additional allowances listed in the attached reference sheet divide by 12 months and multiply by .30.
  - c. Determine whether a welfare rent is applicable. If so, determine the amount.
  - d. Tenant rent is the highest of the above three calculations.
9. The calculation format used by each sponsor may vary according to agency practices and needs but must, at a minimum, display the following elements:
  - a. Tenant Income
  - b. Income Exclusions
  - c. Annual Gross Income
  - d. Income Adjustments
  - e. Income Allowances
  - f. Amount of Contract Rent
  - g. Utility Allowances (if applicable)
  - h. Resident Rent Obligation
  - i. Program Rent Obligation
10. Utility Payments: In some circumstances the cost of utilities is not included in the resident rent but is the responsibility of the tenant. In these circumstances the tenant rent will equal the calculated rent payment less an allowance for reasonable utility consumption.

If the reasonable utility consumption cost exceeds the amount the tenant is to pay for rent, the tenant must be reimbursed for the difference.

Reasonable utility costs should be determined through a local Public Housing Agency or through contact with local utility authorities.
11. Rent Reasonableness: It is the local practice that a rent reasonableness survey be conducted for all potential rental properties whose contract rent exceeds the Fair Market Rent (FMR). Documentation must include a comparison of similar properties in the same geographic area, usually offered by the same landlord.

## Tenant Rent Calculation Reference Sheet

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**Please Note:** The following is a summary of the regulation definitions. It includes the most commonly occurring financial items and should not be used as a comprehensive guide. For additional information please consult the regulations and S+C/SHP Desk Guides.

**A. Annual Gross Income:** the total income of all family members from all sources anticipated to be received in the 12-month period following the effective date of the income certification, excluding any employment income of children under age 18. Includes but is not limited to:

- i. Gross wages, salaries, overtime, commissions, fees, tips, bonuses and other compensation for personal services;
- ii. Full amount of periodic payments such as SSI, annuities, retirement funds, etc.;
- iii. Unemployment, disability, compensation payments;
- iv. Welfare assistance;
- v. Alimony, child support payments, regular contributions from persons not dwelling in the residence;
- vi. Net income from operation of a business or profession;
- vii. Interest, dividends, and other net income for any kind from real or personal property;
- viii. All regular pay, special pay and allowances of a member of the Armed Forces, except special hostile fire pay;

**B. Income Exclusion:** Annual Gross Income does not include:

- i. Income from employment of children under age 18;
- ii. Foster care payments;
- iii. Lump-sum payments (inheritances, capital gains, etc.);
- iv. Payments received as reimbursement for medical costs associated with any family member;
- v. Income of a live-in aide;
- vi. Student assistance income;
- vii. Income received from a HUD training program;
- viii. Any amounts otherwise disregarded for the purposes of SSI eligibility and benefits;
- ix. Amounts received by any member involved in a program as reimbursement for program related expenses to allow participation;
- x. Resident service stipend (not to exceed \$200 per month)
- xi. Income from State or local employment training programs;
- xii. Temporary, nonrecurring, or sporadic income (including gifts);
- xiii. Earnings in excess of \$480 for each full time student 18 years of age or older (excluding head of household and spouse);
- xiv. Adoption assistance in excess of \$460 for each adopted child;
- xv. Periodic payments of SSI and social security benefits;

- xvi. Refunds from State or local law for property taxes paid on the dwelling unit;
- xvii. Amounts received to offset the cost of care for a disabled family member in order to keep the family member at home;
- xviii. All other amounts excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that included the U.S. Housing Act of 1937. (See regulation)

**C. Annual Adjusted Income:** The amount determined by deducting the items listed below from the Annual Gross Income less any exclusion(s) noted above.

- i. \$480 per dependent. Dependents include members under the age of 18, handicapped, disabled, or full time students. Dependents does not include family head, spouse, or foster children or (for S+C) the person deemed to be important to the care or well being of the eligible person.
- ii. Reasonable child care expenses for the care of children under 12 during the enrollment period that enables a household member to work or pursue further education. May not be deductible if the individual is reimbursed elsewhere for these costs.
- iii. Handicapped Allowance covers reasonable expenses for attendant care (provided by a non-household member) and/or auxiliary apparatus for any handicapped or disabled household member that enables them to work. The amount of expense that exceeds three percent of the annual gross incomes is deducted, provided there is no other reimbursement for the expense and the expenses do not exceed the amount earned by adult household members as a result of the handicapped assistance.
- iv. Medical expenses of elderly or disabled residents – generally includes expenses not covered by insurance or other reimbursement and similar to the handicapped allowance.
- v. \$400 per elderly or disabled family member. This allowance applies to any family whose head of household, spouse or sole member is at least 62 years of age or is handicapped or disabled.

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**HUD Process Improvement Team  
2004 MEETING SCHEDULE**

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**June 16**

**July 21  
(HUD Supernofa applicants only @ LODP)**

**August 18**

**September 15**

**October 20**

**November 17**

**December 15**

**Meetings are held the third Wednesday of every month at 1:00 p.m., at  
the Erie County Department of Mental Health, Rath County Office  
Building, 95 Franklin Street, Buffalo, NY in Room 1202.**

**If you are unable to attend, please notify Don Dauman at 858-6730 or  
[daumand@erie.gov](mailto:daumand@erie.gov) prior to the meeting.**

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